

Selecting Your Monthly Benefit

The member must select either the Maximum Monthly Benefit or one of the Optional Monthly Benefits on the RETIREMENT BENEFIT OPTION SELECTION form after applying for retirement. Failure to select either the Maximum Monthly Benefit or one of the Optional Monthly Benefits will, **by law**, result in the Maximum Monthly Benefit as the member's retirement benefit selection. The option selection must be post marked or hand delivered prior to the effective date of retirement.

Maximum Monthly Benefit

The Maximum Monthly Benefit pays the highest monthly benefit to a retiring member of the ERS. This benefit is a lifetime benefit paid to the retiree on a monthly basis. At the death of the retiree, all monthly benefits cease. The designated beneficiary(ies) will only receive a one-time prorated monthly benefit covering the days of the month that the retiree was still living.

Optional Monthly Benefit

A member may provide a benefit for a beneficiary by selecting one of the following options.

Option 1

The monthly benefit under Option 1 is slightly less than the Maximum. This benefit is a lifetime benefit paid to the retiree on a monthly basis; however, if the retiree dies prior to receiving annuity payments exceeding his or her account balance, the remaining annuity balance will be paid to the designated beneficiary(ies). The annuity balance, if any, is the amount of unused contributions and interest remaining in the retiree's account.

Option 2 (100% Survivor Benefit)

Option 2 allows the retiree to receive a reduced benefit over the life of the retiree in return for allowing the designated beneficiary (only one beneficiary may be designated) to receive the same lifetime benefit after the retiree's death. The benefits are based on the variance in age between the retiree and the beneficiary. Once the member retires, he or she cannot change their beneficiary unless the beneficiary predeceases the retiree or if the retiree and the beneficiary divorce. See [Replacement Beneficiary](#).

Option 3 (50% Survivor Benefit)

Option 3 allows the retiree to receive a reduced benefit over the life of the retiree in return for allowing the designated beneficiary (only one beneficiary may be designated) to receive one-half the retiree benefit over the beneficiary's lifetime after the retiree's death. The benefits are based on the variance in age between the retiree and the beneficiary. Once the member retires, he or she cannot change their beneficiary unless the beneficiary predeceases the retiree or if the retiree and the beneficiary divorce. See [Replacement Beneficiary](#).

Option 4

Members may elect to receive a monthly benefit actuarially equivalent to the regular retirement benefit and must meet the ERS' actuarial assumptions. The monthly benefit paid to the beneficiary cannot

exceed the limits determined by federal taxation laws. The ERS Board of Control must approve this option. See [Replacement Beneficiary](#).

Replacement Beneficiary

Retirees who elected joint survivor options (Option 2, 3 or 4) at the time of retirement may name a new beneficiary under either of the two following conditions:

- If the named beneficiary dies before the retired member
- Or**
- There is a divorce between the retired member and the beneficiary

The retired member should contact the ERS for information and forms. There will be a recalculation of the benefit amount for the retired member and replacement beneficiary. The replacement beneficiary must be in place for at least two years for the monthly survivor benefits to become effective. If the retired member dies within this two year period, only a pro rata payment for the portion of the month the retiree was alive will be paid to the beneficiary.

For more information about your retirement benefits, visit our Web site at www.rsa-al.gov.

Prepared by the Communications staff of the Retirement Systems of Alabama. To have your questions answered in "Preparing for Retirement," please address them to [Michael Pegues, Communications, Retirement Systems of Alabama, P.O. Box 302150, Montgomery, Alabama 36130-2150](#). Please visit our Web site at www.rsa-al.gov.